

Missouri Department of Natural Resources

Fiscal Year 2004

**CLEAN WATER
STATE REVOLVING FUND
INTENDED USE PLAN**

AND

STATE GRANT AND LOAN PRIORITY LIST

Final February 26, 2003

FY 2004 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN AND STATE GRANT AND LOAN PRIORITY LISTS

Table of Contents

Introduction	<u>Begins on Page</u> 1
FEDERALLY FUNDED PROGRAMS	5
<u>Clean Water State Revolving Fund Intended Use Plan</u>	
I. Background	9
II. Description of State Revolving Fund Program	9
Cash Flow Model and diagram	12
III. Applicant Information	13
IV. Long and Short Term Goals	13
V. Modifications	14
VI. CWSRF Use of Funds	15
VII. CWSRF Sources of the Funds	16
VIII. State Assurances and Proposals	16
A. Administrative Costs	
B. Public Review and Comment	
C. Environmental Review	
D. First Use for Enforceable Requirements	
E. Compliance with Title II	
F. Binding Commitments	
G. Expenditure of Funds	
H. Potential for EIS	
I. Description Assistance	
J. Carryover Priority List	
IX. CWSRF Process Flow Chart	21
X. Distribution of Funds Table	25

Table of Contents (Continued)

FEDERALLY FUNDED PROJECTS (cont.)

Begins on Page

XI.	CWSRF Leveraged Loan List	31
-----	---------------------------	----

CWSRF Direct Loan and Nonpoint Source Loan Program

I.	Program Description	35
II.	Project List	36

Federal Special Infrastructure Grant Program

I.	Program Description	39
II.	Federal Special Infrastructure Grant Project List	40

STATE FUNDED PROGRAMS

State Forty Percent Grant Program

I.	Program Description	45
II.	State Forty Percent Grant Fundable List	46

Hardship Grant And Loan Program

I.	Program Description	49
II.	Hardship Grant Fundable List	50

Small Borrower Program

I.	Program Description	53
II.	Small Borrower Fundable List	53

	List of FY 2004 Applicants	57
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FY 2004 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN

FEDERAL INFRASTRUCTURE GRANT AND STATE GRANT AND LOAN FUNDABLE AND CONTINGENCY LISTS

Introduction

The Missouri Department of Natural Resources, Water Pollution Control Program (MDNR, WPCP) is the delegated authority for the administration of federal funds made available to the state under the provisions of the Clean Water Act by the U.S. Environmental Protection Agency (EPA). The funds are for financing a variety of eligible projects and are to be used, in perpetuity, for low interest loans made from the Clean Water State Revolving Fund (CWSRF). Funds from a special appropriation (hereafter referred to as the Federal Special Infrastructure Grants [FSIG] Program), made under the provisions of P.L. 106-74, and administered by the WPCP are used to target the reduction of phosphorus in the Table Rock Lake watershed. The Department of Natural Resources is given authority by the state legislature to administer several related state grant and loan programs. References throughout this document to the "Commission" and the "Department" refer to the Missouri Clean Water Commission and the Missouri Department of Natural Resources, respectively.

The department plans to initiate a new policy to allow the revolving loan fund to be used as a source of revenue for the payment of principal and interest (debt service) on revenue or general obligation bonds issued by the state when proceeds of the sale of such bonds are deposited in the fund. The transfer of SRF funds to state bond debt service can be seen on the Source of Funds chart found on page 25. EPA's approval of this practice is currently being sought.

This document contains the Intended Use Plan (IUP) and priority lists for the CWSRF Program, FSIG Program priority list, and the priority lists for the State Grant and Loan Programs. Operation and management of the CWSRF program is directed by regulations 10 CSR 20-4.010 through 10 CSR 20-4.020 and 10 CSR 20-4.040 through 10 CSR 20-4.050.

Intended Use Plan

The IUP is information regarding the development and management of the CWSRF priority lists and assurances mandated by federal rules. The IUP details the proposed distribution of Missouri's anticipated CWSRF Capitalization Grants, state matching funds, the repayments of previously granted SRF loans, and the interest earnings from the grants, matching funds and repayment account deposits as loans for the upcoming fiscal year. Also included in the IUP, for the fourth year, is the distribution of federal special infrastructure grants (FSIG) awarded to Missouri and administered according to 10 CSR 20 - 4.010, and 10 CSR 20 - 4.020.

State Grant and Loan Priority Lists

The state grant and loan priority lists are on the last pages of this document. This section contains both fundable and contingency lists in priority point order for State Forty-Percent Construction Grant Program and State Hardship Grant and Loan Programs. Operation and management of these state programs are covered by 10 CSR 20-4.023 and 10 CSR 20-4.043 and 10 CSR 20-4.010 through 10 CSR 20-4.020.

The Department of Natural Resources solicits applications for the State's Revolving Fund Program, Forty-Percent Grant Program, and Hardship Grant and Loan Program throughout each year. Applications for assistance are prioritized by a "points system" that was first established for the Construction Grants Program. Priority Points are determined by the equation outlined in the regulation 10 CSR 20-4.010. State Regulations establish November 15th as the annual submittal deadline for applications to participate in the programs during any fiscal year.

The department is considering changing the deadline and will begin drafting a regulation revision for approval by the Clean Water Commission. The revised regulation will establish October 15th as the annual submittal deadline for applications to any of the financial assistance programs offered by the department. The Missouri Water and Wastewater Review Committee evaluates project proposals and makes recommendations for project inclusion in the available state and federal programs. Potential recipients of financial assistance are invited to apply to the CWSRF leveraged loan program or grant program competitions based upon their application and the financial information that they provide.

The development and adoption of the FY 04 IUP has been accelerated to allow better accessibility by our applicants to the spring 2003 closing. In doing so, we have shortened the opportunity for the FY 03 fundable projects to secure their funds, both grant and loan. 10 CSR 20-4.040 establishes that project applications are good for two IUP cycles or "years". The FY 03 IUP was adopted on March 19, 2002. In order to comply with the intent of the regulation all fundable projects will be given until March 19, 2003 to secure their funding. Those projects not meeting program criteria will have their allocated funds recovered and reallocated to projects in the FY 04 system.

This document is divided into two major sections; federally funded programs and state funded programs. The 2004 IUP splits projects into two groups, carryover and new. Carryover projects were given funding commitments in last year's plan. Based on their priority point ranking, new projects compete for the remaining available funds. Following is a brief summary of the programs and lists contained in this document.

FEDERAL LEVERAGED AND DIRECT LOAN AND GRANT PROGRAMS:

Three programs funded by federal resources are available for the financing of clean water projects: the leveraged loan program, the direct loan program which includes loans to Non-Point Source projects, and the Special Infrastructure Grant (FSIG). An explanation of each can be found below. Additional information regarding the allocation and distribution of funds can be found under the title "Use of Funds" located on 27. Recipients of federal funds totaling greater than \$300,000 are subject to the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. These requirements provide the federal government with assurances that the expenditures of federal funds are for their intended purposes and that the disbursement of those funds occur in a timely manner. Final loan documents will include specific information and calculation instructions for the audit.

The Environmental Protection Agency (EPA) has approved a Class Deviation from 40 CFR 35.3125 (b)(1). The Class Deviation allows for non-Federal, non-state match CWSRF funds to provide loans that can be used to satisfy the local match requirement for most EPA grant-funded treatment works projects, including special Appropriations Act projects.

This change can be applied to any EPA grant-funded treatment works project, other than a construction grant project, regardless of the date of the grant award, or the date that funds were appropriated for the project.

Clean Water SRF Leveraged Loans

The Leveraged Loan Program is available to communities that are financially able to support repayment of a loan. A flowchart outlining the application, review and bond closing processes are found on pages 21. These loans are made possible by the federal capitalization grants awarded to the state. Capitalization Grant funds are supplemented with matching funds equal to 20 percent of the annual grant amount. The matching funds are generated by the sale of state water pollution control bonds.

The Department of Natural Resources solicited applications for the FY 2004 State Revolving Fund Program and the State Forty-Percent Grant Program during summer 2002. Submittal deadline, established by state regulations, is November 15. From financial information submitted by the applicants, a determination is made of which program best meets the applicant's needs and financial capacity. Further discussion of the Leveraged Loan Program is found on pages 9 - 18. The priority list for FY 2004 is on pages 31-32.

Clean Water SRF Direct Loans

Direct loans are financed with funds from the CWSRF repayment account. Direct loans are available to provide the matching funds to the State Forty-Percent Grant program. Direct loans are also offered as interim financing to meet project costs incurred prior to loan closing in the Leveraged Loan Program (see above).

Clean Water SRF Non-Point Source (NPS) Direct Loans

Financial resources from the SRF can be made available to address any non-point source pollution problem, as defined in the state's Non-Point Source Management Plan.

The CWSRF currently funds a loan program through the Missouri Department of Agriculture for the construction of animal waste treatment facilities. More than \$6 million has been loaned to Missouri farmers by means of the pass-through program administered by the Missouri Agricultural and Small Business Development Authority (MASBDA). The SRF pass-through to the Department of Agriculture funds approximately \$2 million per year in farm related Non-Point Source projects.

The department also finances the construction of centralized sewer connections to homes within Neighborhood Improvement Districts (NID). Locally, subdivisions or small, developed but unincorporated areas, are organized into NIDs under the auspices of their county government. Outmoded or failing IHTS's in the NID are replaced by connection to centralized sewers. Nearly \$3 million has been loaned to a single county; ten NIDs, established within that county, have benefited from this ongoing program.

Failed IHTS's are a widespread, non-point source of pollution in the state. Financial assistance to contend with failed IHTS's is not available to homeowners from any state agency. The Department's staff are investigating ways to develop funding mechanisms that will help the homeowner upgrade, repair or replace failing individual home treatment systems, where connection to centralized wastewater treatment is unavailable.

Federal Special Infrastructure Grant (FSIG)

Under HR 2684, \$5,226,400 was included in the Federal Fiscal Year 2000 budget for construction of phosphorus control upgrades to treatment plants in southwest Missouri that discharge in the Table Rock Lake Watershed. The infrastructure grant was awarded to Missouri on September 11, 2000. More detailed discussion of this program and its priority list are on pages 39-40.

STATE GRANT AND LOAN PROGRAMS:

Small Borrower's Program

The department has developed a new loan program for small communities. The program is limited to communities under 1000 population and the loan amount is limited to \$100,000. The loans can be secured by a bond issue or can be annually appropriated debt. Applications submitted prior to the November 15th deadline will be listed in priority order. More detailed discussion of this program and its priority list are on page 53. There is a similar program for drinking water projects.

State Forty Percent Construction Grant Program

Funds for the Forty- Percent Construction Grant program are obtained from the sale of state water pollution control bonds. The State Forty- Percent Construction Grant Program and the CWSRF Leveraged Loan Program are operated as parallel programs.

Based upon a review of the project costs, credit history, and the applicant's ability to service the proposed debt, eligibility is determined for one of the two programs. Communities that qualify to receive and are awarded a Forty- Percent Construction Grant may also qualify for a direct loan from the CWSRF to cover additional portions of the cost of their projects. Communities disqualified from participation in either program may appeal the Department decision during the public hearing on the IUP and State Grant Priority Lists. Further discussion of the Forty- Percent Construction Grant program and the program's priority list can be found on pages 45-46.

State Hardship Grant and Loan Program

The State Hardship Grant Program is offered to communities that have a population of 3,000 or less and meet certain employment and income criteria. Grant percentage is adjusted according to user charge, and a zero percent state direct loan is available to eligible recipients. A more detailed discussion of this program and priority lists are found on pages 49-50.

FEDERALLY FUNDED PROGRAMS

Clean Water State Revolving Fund Leveraged Loan Program

Clean Water State Revolving Fund Direct Loan Program

Federal Infrastructure Grant Program

Leveraged Loan Program

CLEAN WATER STATE REVOLVING FUND FY 2003 INTENDED USE PLAN

I. Background

Each year as required by Title VI of the Clean Water Act, Missouri must prepare an Intended Use Plan (IUP) identifying the projected uses of the monies available in its Clean Water State Revolving Fund (CWSRF). The plan serves as a basis for distributing the anticipated CWSRF funds available to Missouri.

During FY 2004 the state of Missouri expects to receive \$37,000,000 in federal grant funds for the CWSRF program. These federal funds will be matched by state funds from the proceeds of state Water Pollution Control Bond sales. The proceeds from the bond sale are deposited to the state revolving fund, along with federal capitalization grant. The interest earnings from the SRF can therefore be used to pay the debt service on the state bonds.

Recipients of federal funds totaling greater than \$300,000 are subject to the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. These requirements provide the federal government with assurances that the expenditures of federal funds are for their intended purposes and that the disbursement of those funds occur in a timely manner.

As previously mentioned, the SRF Leveraged Loan program and the Forty Percent State Grant program are operated as parallel programs. After the projects are divided between the two assistance programs, they are prioritized according to the priority ranking criteria contained in 10 CSR 20-4.010.

When applications exceed the funds available, projects are listed in priority point order. The highest priority projects are placed on a fundable list, with lower priority projects placed on a contingency list. Fundable list projects will be eligible to receive financial assistance subject to final program appropriations, project reviews, and project schedules. The approved project lists begin on page 31.

II. Description of the Clean Water State Revolving Fund (CWSRF) Leveraged Loan Program

The Clean Water Commission (CWC), Department of Natural Resources, and the Environmental Improvement and Energy Resources Authority (EIERA) are cooperating to maximize the amount of construction which can be supported by the CWSRF. Through the combined efforts of these agencies, Missouri can expect to achieve approximately \$1.43 of construction for each \$1 of available EPA and state-matching funds. This cooperative program to increase the amount of construction is referred to as the "Leveraged Loan Program."

The Intended Use Plan for Missouri's CWSRF program offers low-interest loans for wastewater treatment improvements. The terms of the loan program are outlined below.

- Loan Term 0 to 20 years
- Interest Rate 30 percent of market rate
- Loan Fees .7143 percent per Annum on Reserve Fund

The flow chart found at the end of this section details the flow of funds under the Leveraged Loan Program. An abbreviated explanation of the flow chart, describing the flow of funds, is presented in the following paragraphs:

Construction Loan

The loan recipient generates construction funds through the issuance of bonds. The bonds are purchased by the EIERA and resold nationally (A). The net proceeds of the EIERA bond issuance are placed with a trustee bank in a fund titled the "Construction Loan Fund" (B). As construction progresses, monies are released from the Construction Loan Fund to pay contractors, suppliers, and consultants (C). The recipient is obligated to pay back all funds received from the Construction Loan Fund, plus any interest charges and fees that investment earnings do not cover.

Interest Subsidy

The Water and Wastewater Loan Fund (WWLF) (D) is capitalized by grants from the Environmental Protection Agency (E) and from the sale of Missouri water pollution control bonds (F). These monies are used to fund CWSRF projects. Portions of the monies are transferred to the Reserve Fund (G) for the CWSRF.

Each time construction funds are released from the Construction Loan Fund (B), funds equal to about 70 percent of the released amount are transferred from the WWLF to the Reserve Fund (G), which is held by the trustee bank (H). Investment earnings on the Reserve Fund are used to pay a portion of the interest cost of the EIERA bonds, thus reducing the interest liability of the loan recipient. The reserve account restricts earnings to prevent arbitrage.

The Restricted Account (J) in the Debt Service Fund is used only if there is default. The Restricted Account is the holding account to which the Master Trustee deposits funds in order to meet payment obligations. Any interest earnings from deposits are transferred to the fund/account they originated from and not to the defaulting community.

State Match

Missouri secures the 20 % match requirement through the sale of Water Pollution Control Bonds (F) authorized under Article III, section 37(e) of the Missouri Constitution. Bonds are sold on an as needed basis. Since August 29, 2002 proceeds from the sale of such bonds for the SRF state match requirement are directly and immediately deposited into fund 0300 (L). This fund is specifically for state bond proceeds necessary in securing the 20% state match. By utilizing this procedure the department intends to use revenues of the fund to repay WPC State Bond debt service.

Repayments

Construction loan repayments must begin within one year after the constructed facilities are placed into operation. The payment schedules will generally consist of semiannual interest payments, and annual principal payments (K). The trustee bank holds the payments in separate recipient accounts (repayment fund), outside the SRF. Interest earnings on these recipient accounts are credited to the debt service account (I) and used when the payment is made to the bondholders (A). When an interest payment is due to the bondholders, the trustee bank will make the payment by combining the recipient's construction loan earnings (B), the interest on the reserve fund (G) and the interest payments by the recipient (K), and transferring them to EIERA's bondholders (A). The trustee bank (I) will make each principal payment (K) from funds paid by the recipient to the trustee. Principal payments will also trigger the transfer of a proportionate amount of the principal in the Reserve Fund (G) back to the proper

subaccounts of the Water and Wastewater Loan Revolving Fund (WWLRF)(D). These revolving funds can then be used again to support new construction projects.

Loan Fee

The Department of Natural Resources will charge a loan fee that is calculated as .7143 percent (CWSRF) or one percent (DWSRF) per annum on the balance in the Reserve Fund. The recipient will pay the loan fees to the Department (K).

“Cross-Collateralization” of Funds

In case of default, the first level of security is the Bond Reserve Fund (reserves of 70 percent for CWSRF; reserves of 50 percent for DWSRF). As a further credit enhancement, and to assure the best possible bond rating, the Leveraged Loan program “repayment stream” can be captured prior to deposit into the subaccounts of the Water and Wastewater Loan Revolving Fund to remedy defaults of any recipient. The Departments of Veteran Affairs and Housing and Urban Development, and the Independent Agencies Appropriations Act, 1998 (Public Law 105-65) authorized limited cross-collateralization between Drinking Water State Revolving Fund (DWSRF) and the CWSRF. Cross-collateralization allows states to use CWSRF funds as security for bonds issued to finance DWSRF projects and vice versa. The cross-collateralization of the two funds may enhance the lending capacity of one or both SRFs. State statute 644.122 RSMO provides the state’s legal authority to implement cross-collateralization.

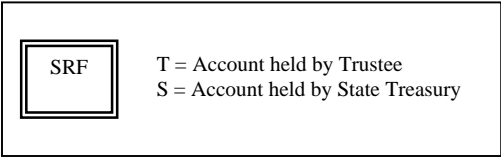
When loan recipients make principal payments, the corresponding release of funds from each participant’s reserve account will first pass through the Master Trustee to remedy any instance of default that may have occurred on any other SRF project. If no defaults have occurred, the released amount is deposited into the Water and Wastewater Revolving Fund (D – 0602). If a default has occurred, and once it has been remedied by the above-described process, payments are made by the defaulting recipient to the fund that provided the default remedy, plus any interest and penalties that accrued to them.

Since only uncommitted repayment funds will be used to remedy defaults (if any) there will not be any significant impacts on the short or long-term goals of the programs.

Direct Loans

Direct loans are financed with the Water & Wastewater Loan Revolving Fund (D – 0602). Direct loans do not have a reserve account. Repayments from a Direct Loan recipient, via the services of a trustee, are deposited into the Water & Wastewater Loan Revolving Fund (D-0606).

Cross-Collateralized Loans



III. Applicant Information

CWSRF Flow Charts

Dates for project submittals are developed for each individual project. Projects will achieve more savings if they are able to be included in a pooled issue rather than a stand-alone financing. The Department of Natural Resources staff works with each applicant to develop a schedule so that the project is ready to be financed at a predetermined closing date. The binding commitment or loan closing dates contained in the IUP are preliminary. These dates may change based on individual project development, market conditions, etc. Leveraged loan closings are presently planned for April and November. For a graphic description from application to loan closing and a flow chart for the document submittal requirements, see page 21.

The state of Missouri operates on a fiscal year schedule commencing on July 1 of the year preceding the calendar year and ending on June 30 of the calendar year corresponding to the fiscal year. For example, fiscal year 2004 runs from July 1, 2003 to June 30, 2004.

IV. Goals and Objectives

Each year the department evaluates the operations and the financial structures of the State Revolving Fund to gauge program effectiveness. Long- and short-term objectives are proposed to improve program services and investment returns. Assessment of the improvement effort is included in the Annual Report. The following sections present the current strategies for program improvement.

Long-Term Objectives

The following Long-Term (3-5 years) Objectives have been developed with the goal of improving the CWSRF's operation and service to its clients.

Objective #1 – Continuing evaluation of the Clean Water SRF subsidy with respect to projects funded v. available monies and increasing demands on the resource.

Short-Term Objectives

The following Short-Term (1-3 years) Objectives have been developed with the goal of improving the CWSRF's immediate operations and the availability of services to its clients.

Objective #1 – Develop and Implement a new SRF Project Management and Accounting System.

Objective #2 – Promote the development of a new priority point system that gives equal consideration to point source and non-point source projects by utilizing a “watershed approach” to the evaluation of the proposed projects.

Objective #3 – In order to use available funds to their maximum benefit, devise a method to accommodate large project needs that utilizes a “phased approach” to assigning priority points, awarding funds for planning, design and construction of the projects, and facilitates moving later **phases** of the project between the “contingency” to “fundable” lists.

Objective #4 – Implement the Governor’s Efficiency Initiative.

Objective #5 - Implement more Non-Point Source projects.

V. Modifications

The inclusion of a project on one of the priority lists contained in this Intended Use Plan (IUP) automatically adds the project to the Department’s planning priority list.

After the Commission adopts the CWSRF priority lists, it may modify the lists or redistribute the available CWSRF funds in accordance with paragraphs A through D below. The Commission may only take this action after providing notice to those projects directly affected.

A. Inadequate Allocations

If the actual federal CWSRF allocations are less than the allocations anticipated by the Commission in the development of the CWSRF priority lists or if previous allocations are reduced, the Commission may find it necessary to reduce their commitments to projects on the priority lists or to the various purposes outlined in the Appendices. The Commission may take formal action to reduce the number of commitments in accordance with subparagraphs 1-3 of this paragraph.

1. The Commission may reduce the funds allocated to each purpose under the Distribution of Cap Grant funds chart found on page 25.
2. The Commission may remove the lowest priority projects from the fundable priority lists, placing these projects on the appropriate contingency list in a position dictated by their priority relative to other projects on that contingency priority lists.
3. The Commission may bypass projects on the fundable priority lists in accordance with paragraph C of this document.

B. Unanticipated and Uncommitted Funds

If unanticipated or uncommitted funds become available, the Commission may take formal action to distribute them in accordance with subparagraphs 1-3 of this paragraph.

1. The Commission may use the unanticipated or uncommitted funds to move the highest priority project(s) from contingency priority lists to the proper fundable list.
2. The Commission may use the unanticipated or uncommitted funds to increase the amount of funds allocated to the various purposes outlined in the Distribution of Cap Grant funds chart found on 25.
3. The Commission may increase the amount of funds allocated to projects on the fundable lists or to provide increased assistance to projects which have already received assistance.

C. Project Bypass

The Commission may bypass any project on a fundable priority list that is not, in the Commission's opinion, making satisfactory progress in satisfying requirements for CWSRF assistance. Such projects will be removed from the fundable priority lists and placed on the proper contingency priority list in a position dictated by the Commission. In determining whether a project is making satisfactory progress in satisfying the requirements for CWSRF assistance, the Commission shall use the criteria contained in subparagraphs 1-2 of this paragraph. Funds released through project bypass will be considered uncommitted and available for distribution in accordance with paragraph B of this section.

1. All projects originally on the fundable lists when adopted may be bypassed if the applicant fails to submit the documents required for CWSRF assistance at least 60 days prior to the beginning of the quarter for which the assistance is anticipated.
2. The Commission may use individual schedules developed by the Department to determine whether a CWSRF project is making satisfactory progress during the fiscal year.
3. Carryover projects may be automatically bypassed if they do not have all documents submitted and approved on or before September 06, 2003. This is the deadline for projects wishing to participate in the fall 2003 closing which is the last opportunity for these projects to receive their loans within the two-year application cycle. Recovered funds will be immediately available for contingency projects in accord with section V.B.

D. Project Removal

Projects may be removed from the priority list at the request of the applicant, a finding by the Department that the project is ineligible for CWSRF assistance, or a finding by the EIERA that the applicant is not eligible for participation in the CWSRF Program.

VI. Use Of the Funds

The table on 27 summarizes the state's allocation of federal funds, distribution of those resources since the inception of Missouri's SRF program, and the amount available for eligible construction for the SFY 2004 CWSRF proposed projects.

Since 1989 the CWSRF has made binding commitments for project costs of \$1.0 Billion. In 1996 the first CWSRF Non-Point Source (NPS) loan program was instituted; nearly \$9 million has been obligated to Non-Point Source projects in the intervening years.

State Fiscal Year 2004's IUP contains NPS loan requests of \$9,818,000 (plus IHTS – MSD). One million dollars has been set-aside for the development of additional NPS loan programs.

The CWSRF project lists for the funds begin on page 31 of this document. The fundable list contains three distinct types of projects. The first list is those projects qualifying for leveraged loans, requesting long-term financing. The second list is those projects eligible for direct loans to match with the Forty-Percent Grant Programs. The third list is direct loans for financing Non-Point Source projects.

When there are insufficient funds to finance all applicants, contingency projects are listed in priority point order. Applications received after the November 15 deadline may also be placed on a contingency list, regardless of priority points.

Section 302 of the Safe Drinking Water Act Amendments of 1996 authorizes the transfer of funds between the Clean Water State Revolving Funds and the Drinking Water State Revolving Funds.

The FY 2002 IUP incorporated the transfer of \$10,475,000 to the Drinking Water SRF in 2001. These funds were identified in the FY 2000 DW IUP and were committed to projects therein.

VII. CWSRF Sources of Funds

The Source of Funds and Distribution of Capitalization Grant chart is shown on page 25. Included in the federal sources of funds is the transfer of funds from the EPA Construction Grant Program totaling \$7,856,108.00.

Additional monies are in the repayment account as well as those anticipated to be credited to the Water and Wastewater Loan Revolving Fund in FY 2004. These funds are comprised of scheduled repayments from loans made in previous fiscal years and accrued interest.

The total of the repayments plus the investment earnings will be held on deposit in the Water and Wastewater Loan Revolving Fund. Although these monies have been included in the Sources of Funds chart, they will not be used for leveraged loans until the capitalization grants have been obligated and the program is in need of these funds for project loans. The Department will, however, use repayments for both short and long-term direct loan projects, including efforts to address Non-Point Sources of pollution.

VIII. State Assurances and Proposals

A. Administrative Costs

Missouri has incorporated into its regulations a loan fee not to exceed one percent of the Wastewater Loan fund contributions remaining in the Reserve Fund annually. At present, the Department charges a loan fee of 0.7143 of the reserve which provides a 0.5 percent interest rate on the community bonds. Administration fees collected as of June 30, 2002 are \$ 9,802,000.

Previously, Missouri has used funds from the Wastewater Loan fund equaling four percent of the capitalization grants and the Clean Water subaccount of the administrative fee account to cover CWSRF program administrative costs. Missouri's Clean Water SRF Capitalization Grant applications from fiscal year 2000 forward will be amended to apply all funds to project costs. Missouri's loan fee, as described in the preceding paragraph, has provided adequate funds to cover administrative costs since 2000.

B. Public Review and Comment

The IUP and priority list will be reviewed and adopted through a public review and comment process in accordance with 40 CFR Part 25.

C. Environmental Review

The Department has adopted regulation 10 CSR 20-4.050, which provides for a National Environmental Policy Act (NEPA) like review for all projects receiving CWSRF loans.

D. First Use for Enforceable Requirements

EPA's CWSRF guidance requires states to have the national municipal policy (NMP) facilities either under construction or on enforceable schedules prior to using CWSRF funds for non-NMP projects. Missouri satisfied this requirement in December 1989.

E. Compliance with Title II

The Commission assures that all Clean Water Act CWSRF requirements were met by the designated equivalency projects in prior IUPs.

F. Binding Commitments

The Department will enter into binding commitments (loans) for a minimum of 120 percent of each EPA grant payment into the CWSRF within one year of the receipt of each payment.

G. Expenditure of Funds

The Department will expend all funds in the CWSRF in an expeditious and timely manner.

H. Potential for Environmental Impact Statements

All of the proposed fundable list projects have a low potential need for preparation of an environmental impact statement. A final decision regarding the need for an EIS will be made on each project during review of the Facility Plans.

I. Description of Assistance

For projects listed in this IUP, the CWSRF assistance will be in the form of loans with a target interest rate of 30 percent of market and an annual fee of .7143 percent of the Water and Wastewater Loan Fund or the Water and Wastewater Loan Revolving Fund contribution remaining in the Reserve Fund. Short-term loans will be for a one to three year period. Long-term loans will be for up to 20 years.

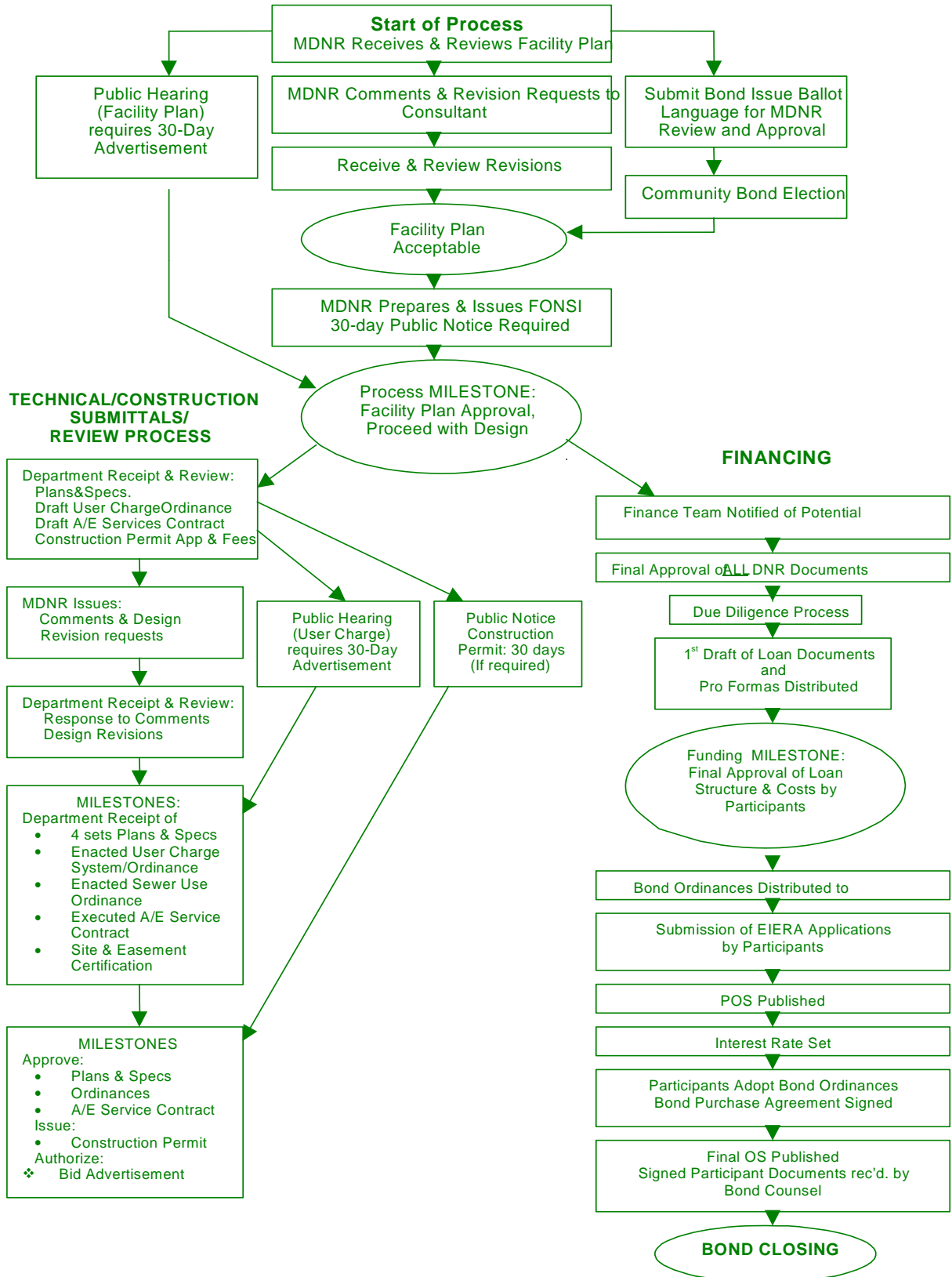
J. Carryover Priority Lists

Unfunded projects which filed an original application by November 15 of 2001 were automatically carried into the FY 2004 IUP unless the Commission removed the project under the provisions of V.C. (Bypass) or V.D. (Removal) of this document or the proposed loan recipient has requested to be removed.

Carryover projects in the FY 2004 IUP are not eligible to compete in the FY 2005 IUP unless a reapplication is made by November 15, 2003. As discussed on page 2, the department is considering a revision to the regulations that would that will change the application deadline.

CWSRF FLOW CHART

Flow Chart for the State Revolving Fund



FUNDING INFORMATION AND PROJECTIONS

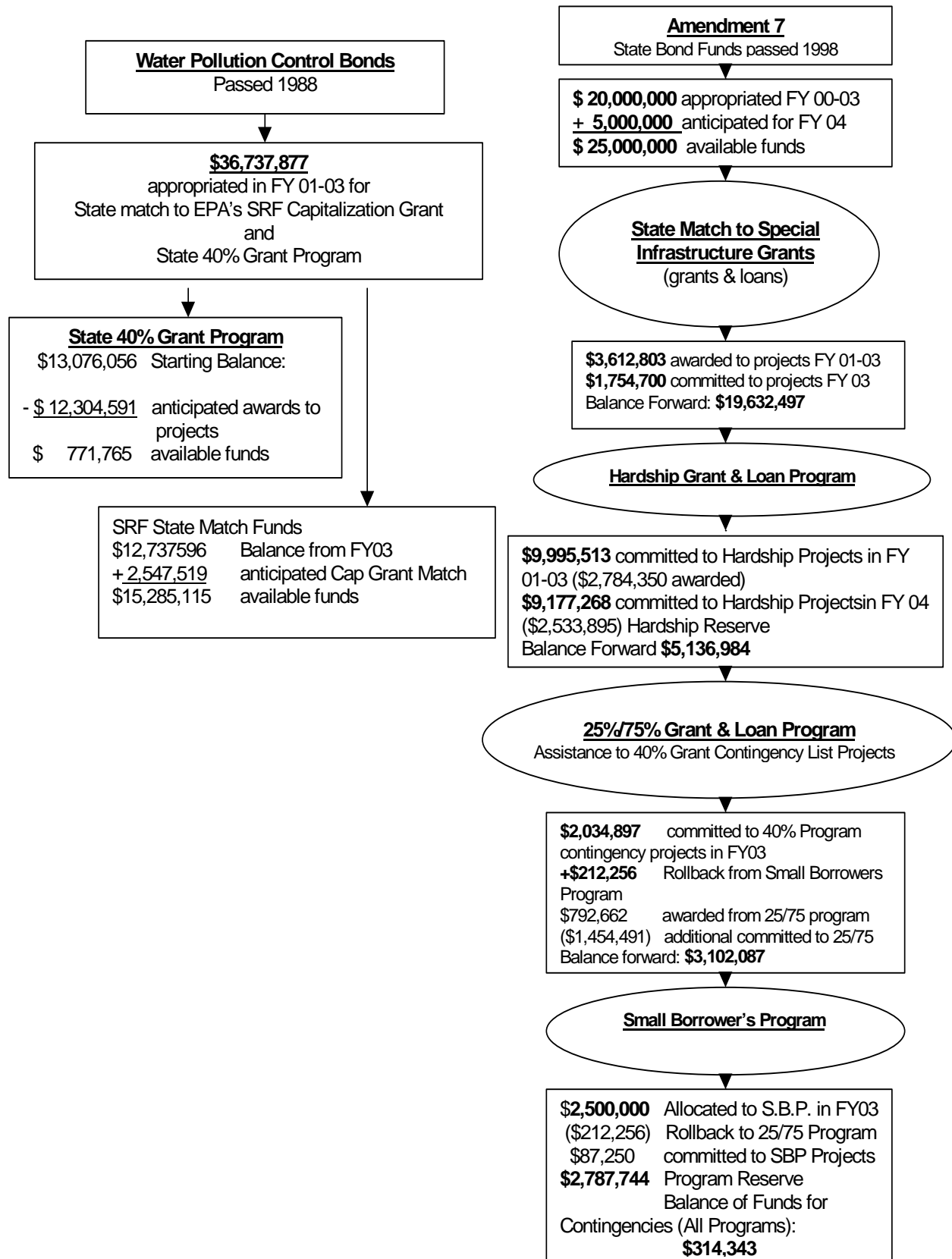
FISCAL YEAR 2004 INTENDED USE PLAN
SOURCES OF FUNDS AND DISTRIBUTION OF CAP GRANT

		FUNDS TO DATE	ANTICIPATED	BALANCE
F E D E R A L	ALLOCATIONS	\$548,695,900	\$37,330,500	\$586,026,400
	TRANSE OF ADMIN TO PROJECTS	\$7,146,379		\$7,146,379
	TRANSFERS FROM CONSTRUCTION GRANTS	\$7,856,108		\$7,856,108
	WQM (604b)	-\$5,488,688	-\$373,305	-\$5,861,993
	TOTAL, EPA CAP GRANT/TRANSFERS	\$558,209,699	\$36,957,195	\$595,166,894
	BINDING COMMITMENTS:			
	ADMINISTRATION	-\$11,541,366	\$0	-\$11,541,366
	LEVERAGED PROJECTS	-\$596,360,672	-\$51,865,009	-\$648,225,681
	TOTAL FEDERAL FUNDS AVAILABLE	-\$49,692,339	-\$14,907,814	-\$64,600,153
S T A T E	MATCH (20%)	\$110,212,664	\$7,391,439	\$117,604,103
	BALANCE (1/16/03) & REPAYMENTS (w/interest)	\$231,819,011	\$36,352,694	\$268,171,705
	TRANSFERS TO CW	\$0	\$0	\$0
	BINDING COMMITMENTS:			
	ADMINISTRATION	-\$3,046,159.05	-\$295,658	-\$3,341,817
	LEVERAGED PROJECTS	-\$119,300,760.91	-\$10,375,491	-\$129,676,252
	INTERIM & DIRECT LOANS		-\$1,400,000	-\$1,400,000
				\$0
	TRANSFERS TO Debt Service:	-\$1,303,802	-\$987,647	-\$2,291,449
	TOTAL STATE FUNDS	\$218,380,953	\$30,685,337	\$249,066,291
A D J U S T E D	AVAILABLE LEVERAGED FUNDS:			
	AVAILABLE EPA CAP GRANT			-\$64,600,153
	AVAILABLE STATE FUNDS			\$249,066,291
	DIRECT LOANS (NONPOINT)			-\$10,253,800
	OTHER DIRECT LOANS			-\$2,192,860
	TOTAL AVAILABLE TO LEVERAGE FOR CONSTRUCTION			\$172,019,478
	TOTAL AVAILABLE FOR ELIGIBLE CONSTRUCTION (LEVERAGED LOANS)			\$245,742,111

FLOW CHART

STATE WASTEWATER GRANT AND LOAN PROGRAMS

Water Pollution Control Bonds voted in 1988 and 1998 (Amendment 7)



CWSRF LEVERAGED LOAN LIST

CWSRF Leveraged Loan List

Carryover Projects

Applicant	Project #	Description	Priority Points	Eligible Costs	NPDES #	Problem Code	Financing Schedule: SFY-Qtr	Needs Category	Initiation of Operations SFY- Qtr
Battlefield	C295457-01	Coll, LS REHAB	168.77	\$ 852,000.00	N/A	4	04-2	IVA	05-2
Odessa	C295451-01	I/I, TP	136.83	5,400,000.00	MO-0026387	5	04-2	I,II,IIIA,IIIB	05-2
Milan	C295343-01	TP	129.20	2,500,000.00	MO-0048151	5	05-2	I	06-2
Taney Co. Regional Sewer District	C295219-04	Coll, PS, FM, I	121.26	12,317,454.00	ALL	3, 4, 5	04-2	IVA, IVB	05-4
Monett	C295452-01	TP	108.69	8,950,000.00	MO-0021440	1	03-4	I, II	05-2
Wardsville	C295381-01	Coll, TP	106.35	2,200,000.00	MO-0109126	5	03-4	I, IVA	04-4
Jefferson County PSD	C295460-01	TP, Coll	103.86	10,000,000.00	ALL	4	04-2	I,IVA, IVB	05-2
Marionville	C295464-01	TP	93.25	2,940,000.00	MO-0023159	1	03-4	I, II	05-1
Winona	C295468-01	I/I, Coll, Disinfect	92.11	490,000.00	MO-0100714	4,5	04-2	IIIA, IVA,	05-2
Bowling Green	C295241-01	Coll,TP,I,I/I	84.27	5,395,599.00	MO-0023141	2,5	03-4	II,IIIA,IIIB,IVB	05-2
Ava	C295456-01	TP Imp	74.87	4,145,273.00	MO-0056260	4,5	03-4	I, IIIA, IIIB, IVB	04-4
Ashland	C295385-01	TP	73.71	657,300.00	MO-0106844	5	04-2	I	05-2
Columbia	C295361-05	I	73.42	6,810,000.00	MO-0097837	5	04-2	IVB	05-2
New Bloomfield	C295465-01	TP, Coll	71.77	500,000.00	MO-0087114	4	04-2	I, IIIA, IVA	05-2
Harrisonville	C295365-03	PS, Coll	69.37	5,005,000.00	MO-0028070	5	04-2	IIA, IIIB	05-2
Pulaski County S.D. #1	C295320-06	TP	61.93	826,400.00	MO-0111716	5	05-2	I	06-2
Bolivar	C295458-02	PS, I, I/I	59.95	2,075,000.00	MO0022373	5	04-2	IIIA, IIIB, IVB	05-4
Savannah	C295197-02	TP	57.85	3,000,000.00	MO-0026336	5	04-2	I	05-2
Liberty	C295462-01	I/I, TP	53.58	2,190,000.00	MO-0113883	5	04-2	I,IIIA,IIIB,IVA,IVB,C SO	05-2
Boone County Commission	C295299-01	TP, Coll	46.53	2,234,146.00	ALL	4	04-2	I, IVA	05-2
MSD-95066M Lower Meramec	C295023-14	outfall structure	46.18	7,163,842.00	MO-0100978 MO-0088463	5	04-4	IVB	06-4
MSD-99066A L.Meramec R WWTF	C295023-09	TP	46.18	52,157,218.00	MO-0100978	5	04-4	II	06-4
MSD-99066B L.Meramec Baum.	C295023-10	I	46.18	39,974,420.00	MO-008463	5	04-4	IVB	06-4
Franklin Co. PWSD #1 (Pottery Rd.)	C295325-02	Coll, LS, TP, Rehab	44.91	1,500,000.00	MO-0112828	1,4,5	04-2	I, IVA	05-2
Hayti	C295454-01	TP, PS, FM, I	41	1,700,000.00	MO0057673	1, 5	04-4	I, IIIB, IVB	05-4
Kearney	C295249-03	TP	39.58	5,000,000.00	MO-0107883	5	04-2	I	05-2
Total				185,983,652.00					

Fundable New Projects

Applicant	Project #	Description	Priority Points	Eligible Costs	NPDES #	Problem Code	Financing Schedule: SFY-Qtr	Needs Category	Initiation of Operations SFY- Qtr
Oak Grove	C295426-01	TP, Coll	197.85	8,500,000.00	MO-0040866	1	02-4	I, IVB	02-4
Jefferson City	C295401-02	Coll, I, Rehab	157.39	4,000,000.00	MO-0094846	4	04-4	I, IIIA, IIIB, IVA, IVB	06-2
Ellington	C295476-01	TP, COLL, I&I, Coll, rehab	150.12	500,000.00	MO-0022896	1,2,4	04-4	II,IIIA,IVA	06-2
Seneca	C295210-01	Coll	143.03	1,191,870.00	MO-0030236	4	05-2	IVA	06-2
Tracy	C295479-01	I	135.88	355,100.00	MO-0049620	4,5	04-4	IVB	05-4
Center Creek WWTF	C295446-01	TP Exp, PS	120.38	3,966,000.00	MO-0040185	1, 5	04-2	I	05-3
Boone County RSD	C295375-04	I, Coll, PS	114.43	18,076,000.00	All	4	03-4	I, IVA, IVB	04-4
Kirkville	C295250-07	PS, Coll, Det, I	109.8	2,567,000.00	MO-0049506	2,4	05-2	IIIB,IVA,IVB	06-2
Linn	C295478-01	Coll, I, TP	101.77	2,701,658.00	MO-0051551	4,5	04-2	I, IVA, IVB	05-2
Total				41,857,628.00					

Phased Projects - Partial Contingency									
Jefferson City	C295401-02	Coll, I, Rehab	157.39	20,000,000.00	MO-0094846	4	04-4	I, IIIA, IIIB, IVA, IVB	06-2
Taney Co. Regional Sewer District		Coll, PS, FM, I	121.26	16,211,046.00	ALL	3,4,5		IVA	
Jefferson County PSD	C295460-01	TP, Coll	103.86	40,000,000.00	ALL	4	04-4	I,IVA, IVB	05-4
Total				76,211,046.00					

Priority Point Contingencies									
Kansas City Water Services	C295248-11	FM,I,II,PS,TP	97.79	19,500,000.00	ALL	5	04-2	I,IIIA,IIIB,IVA,IV	05-2
Sullivan	C295185-01	TP	94.03	4,028,470.00	MO-0104736	1,3,5	05-4	I, II	07-2
Laclede County PWSD #3	C295477-01	Coll, I, TP	91.51	1,645,000.00		4	05-2	I, IVA, IVB	06-2
Kansas City Public Works	C295285-02	Coll	90.79	4,495,380.00	ALL	4	05-2	IVA	06-2
Jackson	C295247-03	TP, Coll	82.05	9,700,000.00	MO-0022853	5	04-2	I,II,IVB	05-2
Parkville	C295012-01	II,PS,FM,TP	78.02	2,625,000.00	MO-0108014	5	04-2	I,II,IVB	05-2
Moberly	C295178-02	Rehab, Coll	77.28	15,132,300.00	MO-0117960	1,3,4	05-2	I,IIIB	06-4
Herculaneum S.D.	C295307-01	PS, Coll	77.21	750,000.00	ALL	4	04-2	IVA	05-2
Glaize Creek S.D.	C295436-01	TP Exp, Rehab, Coll	77.2	3,500,000.00	MO-0056162	5	03-4	I, IIIA, IIIB	03-4
Duckett Crk San. Dist. W Hwy DD	C295411-02	I, PS, FM, TP	75.98	8,600,000.00	MO-0116572	4	04-4	I, IVA, IVB	05-4
Duquesne	C295447-01	Coll, I, FM	72.15	5,160,000.00	N/A	3,4	02-3	IVA, IVB	04-2
Highlandville Phase II	C295487-01	Coll	69.41	3,557,884.00	MO-0128091	4	04-3	IVA, IVB	05-2
Noel	C295441-01	I, PS	69.03	347,500.00	MO-0054721	2, 4	04-4	IVA	05-4
Moscow Mills	C295337-01	PS, FM, I	68.36	995,000.00	ALL	1,5	04-3	IVB	03-4
Pulaski Co. Sewer District #1 (Dry Creek)	C295320-04	I, Coll	61.93	1,460,000.00	MO-0111716	4	04-2	IVA, IVB	05-2
Sikeston	C295323-02	TP, PS, FM, I&I	60.8	6,500,000.00	MO-0035009	4,5	04-4	I,IIIA,IVB	06-2
Lake of the Ozarks Regional STP Bd	C295445-01	TP, Impr	58.8	1,400,000.00	MO-0103241	5	04-2	I	05-2
Pike Creek Common Sewer District	C295480-01	Coll	58.56	2,000,000.00	MO-0124427	4	05-2	IVA, IVB	06-2
Cleveland	C295488-01	Coll, I, TP	48.87	316,750.00	MO-0111287	4,5	05-4	I, IVA, IVB	06-4
Mound City	C295384-01	TP	46.06	350,000.00	MO-0043583	5	04-4	I	05-4
La Plata	C295392-02	Rehab, Coll	41.72	2,000,000.00	MO-0058246	5	02-4	IIIB, IVA, IVB,	03-4
Lawson	C295396-02	COLL,FM	41.68	313,134.00	MO-0091031	3,4,5	04-2	IVA	05-2
Peculiar	C295180-03	TP	40.63	1,516,215.00	MO-0089443	5	04-2	II	05-2
Platte Co. Regional Sewer District	C295263-10	TP, Impr	38.45	6,250,000.00	MO-0119474	5	05-2	I	06-2
Newburg	C295484-01	Coll	13.63	250,000.00	MO-0021784	4	04-4	IVA, IVB	05-4
Chaffee	C295123-02	PS, FM	5.68	106,000.00	MO-0025305	2,4,5	04-4	IVB	05-3
Lees Summit	C295461-01	Coll,II,PS	2.47	16,772,500.00	N/A	5	05-2	IIIA,IIIB,IVA	06-2
Total			\$ 119,271,133.00						

Voluntary Contingencies									
MSD-99077A Coldwater TP Imp	C295023-05	site work	46.18	2,266,000.00	MO-0025160	n/a	—	II	—
MSD-99077 - Coldwater TP Imp Ph I	C295023-06	TP Impr	46.18	18,128,000.00	MO-0025160	5	—	II	—
MSD-99077 Coldwater TP Imp Ph II	C295023-07	TP Impr	46.18	22,660,000.00	MO-0025160	5	—	II	—
MSD-89119 Lower Coldwater Ph I	C295023-08	I	46.18	16,995,000.00	MO-0025160	5	—	IVB	—
MSD95066F Lower Meramec	C295023-11	Impr	46.18	6,022,900.00	MO-0100978 MO-0088463	5	—	II	—
MSD-99066K L.Meramec	C295023-12	TP - electrical work	46.18	2,860,600.00	MO-0100978 MO-0088463	N/A	—	II	—
MSD-99066L L.Meramec	C295023-13	PS	46.18	39,799,000.00	MO-0100978 MO-0088463	5	—	II	—
MSD-95066N Lower Meramec	C295023-15	agoon closure	46.18	4,326,000.00	MO-0088463	5	—	IIIB	—
MSD-95066P Lower Meramec	C295023-16	site work	46.18	2,902,000.00	MO-0100978 MO-0088463	5	—	II	—
MSD-95066R Lower Meramec	C295023-17	I	46.18	1,988,200.00	MO-0088463	5	—	IIIB	—
MSD-99076 - Missouri River Ph I	C295023-18	TP Impr	46.18	16,727,000.00	MO-0004391	4	—	I	—
MSD-99076 - Missouri River Ph II	C295023-19	TP Impr	46.18	13,586,000.00	MO-0004391	4	—	II	—
Total			148,260,700.00						

Available funds:
\$ 245,742,111.00
Carryover projects, obligated funds:
\$ 185,983,652.00
Remaining funds:
\$ 59,758,459.00
New Projects, fundable list
41,857,628.00
Remaining funds:
\$ 17,900,831.00

ABBREVIATIONS AND CODES

Problem Codes

1-NPDES Permit Violation
2-Unpermitted Discharge
3-Water Quality Stds. Violation
4-Public Health problems
5-Future NPDES violation expected

Needs Codes

I- Secondary Treatment
II- Advanced Treatment
IIIA- I/I correction
IIIB- Sewer replacement or rehab
IVA-New Collection
IVB-New Interceptors
V- CSO

Descriptions Reference List

Coll Collection	I/I Infiltration/Inflow
Det Detention	Mgmt Management
Exp Expansion	PS Pump Station
FM Force Main	Rehab Rehabilitation
Impr Improvements	TP Treatment Plant
I Interceptor	
NPDES National Pollution Discharge Elimination System	

NOTES:

Final eligible costs will be determined as documents are submitted and the project is closer to financing.
Financing schedule shown is for planning purposes only. Final scheduling will be determined as documents are submitted and approvals obtained.
Carry over projects from the FY 2002 list must reapply to be considered for the FY 2004 list.

CWSRF Direct Loan and Nonpoint Source Loan Program

FY 2003 CWSRF DIRECT LOAN AND NONPOINT SOURCE LOAN PROGRAM

The Direct Loan Program to match Forty- Percent grants is established in accordance with 10 CSR 20-4.041. This is a voluntary program and only available to communities receiving a Forty Percent State Construction Grant. It is designed to accelerate the construction of wastewater treatment facilities by providing a single funding source for the eligible communities. \$3 million in grant funds was initially set-aside for the FY 2004 projects. \$3,000,000 has been earmarked for direct loans to Forty Percent grant recipients. When available monies are not adequate to fund all applications remaining projects are placed on a contingency list. All lists are determined based priority point ranking. The loan amount is directly proportional to the grant amount and cannot exceed the amount as calculated in accordance with 10 CSR 20-4.041(G).

Applications for this program were solicited during the summer of 2002. Applications must be postmarked by November 15 to be eligible for funding in the FY 2004 list.

In accordance with the regulation, applicants on the State Forty- Percent grant fundable list may apply for a low interest loan on the same application. The loan amount is limited to the amount of the grant divided by .4 less the grant amount plus approved costs of issuance and capitalized interest. To participate in the direct loan program there must be a bond authorization from the voters, user rates must be \$35 or less, and all necessary approvals must be obtained from the Department. Eight applicants to the 40% Grant Program also applied for direct loans to match their grants. The FY 04 IUP proposes obligating \$5,369,924 in direct loan matches to the 40% grants.

For FY 2004 there were eight fundable grant applicants that also requested direct loans. The FY 2004 Direct Loan Project list is shown on page 36.

Direct loans have been made for Non-Point Source projects. Loans for animal waste treatment facilities are awarded to the Missouri Agriculture and Small Business Development Authority (MASBDA) who loan the funds to producers for animal waste treatment facilities. The Authority requested \$ 4 Million in FY2004 to support this program. The Authority loans originate over a two-year period. The first two loans to the MASBDA originated during SFY 96 through SFY 99. The final amount of the first two loans was \$892,519 and \$2,040,603 respectively, based upon permanent financing requested by farmers through the MASBDA. As of September 21, 2002 \$2,299,960 has been awarded on loan #3 and \$2 million is on the fundable list for additional loans.

One million dollars has been set aside for new Non-Point Source initiatives in this IUP. Financial Services staff are working to develop the financial structures necessary to make low-cost funding available to address other Non-Point Source pollution problems. Possible financial structures include Pass-Through or Conduit Lending, Loan Guarantees, Linked Deposits or direct loans.

A number of Non-Point Source pollution problems have been identified statewide. Local contamination of potable water table aquifers, failed on-site wastewater treatment systems, abandoned water wells, and many others are contributors to Non-Point Source pollution which solutions can be funded with monies from the CWSRF. Programs to affect the repair, rehabilitation, or replacement of on-site wastewater treatment systems, the plugging of abandoned wells, the cleanup of Brownfields, and the drilling of deep-water wells are under development.

Direct Loan Fundable Projects

	PROJECT NUMBER	Priority Points	Eligible Cost	Loan Amount	Description	NPDES Number	Problem Code	Needs Category
Stone Co. #1	295430-01	138.20	5,000,000	1,500,000	tp impr	MO-0109525	1,4	I,IVA,IVB
Southwest City	295380-01	82.63	1,512,600	325,000	tp impr	MO-0036765	1	I
Risco	295437-01	39.79	613,100	367,860	rehab, I/I	MO-025852	5	II,IIIA,IIIB

Total Fundable

2,192,860

Direct Loan Contingency List

	PROJECT NUMBER	Priority Points	Eligible Cost	Loan Amount	Description	NPDES Number	Problem Code	Needs Category
St. Elizabeth	295482-01	88.74	1,815,700	893,420	TP/Coll	N/A	5	I,,IVA
Gordonville	295449-01	68.96	2,732,800	1,500,000	tr/coll	N/A	4	I,IVA,IVB
Fremont Hills	295471-01	47.93	365,531	219,319	tp impr	MO-0106151	5	II
Wright Co. PWSD #1	295483-01	45.44	2,879,050	200,000	TP/Coll/I	VARY	5	I,II,IVA
Crawford Co. PWSD #1	295459-01	44.53	631,906	39,144	Coll	MO-0083324	5	IVA
Sheldon	295472-01	36.53	240,541	144,325	tr	MO-0040177	5	I
Stoddard Co. PSD #1	295483-01	30.79	4,490,835	750,000	PS,Coll	MO-	5	I,IVA
Mosby	295474-01	30.35	700,000	420,000	TP/Coll	N/A	4	I,IVA
Bates City	295485-01	23.89	2,021,290	869,694	TP/Coll	N/A	5	I,IVA
Oakwood	295486-01	23.26	1,246,390	747,834	coll	N/A	5	IVA

Total

\$ 5,783,735

Nonpoint Source Direct Loan Projects

Applicant	Project #	Description	Priority Points	Eligible Costs	NPDES #	Problem Code	Needs Category
MSD W.Watson Rd. & Nanell Ln.	C295023-21	sewer extension	46.18	535,600.00	—	—	NPS
MSD Ozark & Tablerock	C295023-20	sewer extension	46.18	695,200.00	MO-0091898	—	NPS
Upper White River Basin Fnd.	C295475-01	IHTS Rehab	40.21	63,000.00	—	4	NPS
Missouri Prairie Foundation	C295440-01	Prairie Restoration	0	750,000.00	—	—	NPS
MASBDA	C295212-03	Agricultural NPS	0	4,000,000.00	—	—	NPS
Loan Guar. Prog. & NPS Initiatives	C295431-01	Set aside	0	1,000,000.00	—	—	NPS
St. Charles County NIDs	C295373-03	Program Phase III	0	3,000,000.00	—	2	NPS
St. Charles County NID	C295373-02	Brinnington Village	0	210,000.00	—	2	NPS

Total

10,253,800.00

Federal Infrastructure Grant Program

FEDERAL SPECIAL INFRASTRUCTURE GRANT

The conference Report on H.R. 2684 Department of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriation Act, 2000, identified a \$5.5 million Federal Special Infrastructure Grant (FSIG) to the Missouri Department of Natural Resources. The funds were later reduced to \$5,226,400. These funds were to be made available to communities in southwest Missouri for phosphorus removal activities. Recipients of federal funds totaling greater than \$300,000 are subject to the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. These requirements provide the federal government with assurances that the expenditures of federal funds are for their intended purposes and that the disbursement of those funds occur in a timely manner.

Communities receiving these grants must have a population of less than 50,000 and have wastewater discharges to the Table Rock Lake Watershed. Grant funds are to be provided on a 55 percent federal, 45 percent local share basis.

EPA determined that the State Revolving Fund cannot be used for the local share. To assist these communities overcome this decision we are proposing to continue providing a 25 percent state matching grant under 10 CSR 20-4.020 and with a 20 percent local match which mirrors the old EPA construction grant program from which the SRF and our state programs evolved. Eligible participants may be considered for a state direct loan to provide the 20% match, if requested.

There was one reapplication from Branson West and no new applications for FY 04 Federal Special Infrastructure Grant Funds.

State funds for grants and loans to match the federal infrastructure grant are provided through state bonds authorized in Amendment 7, which was approved by the voters in November 1998.

FY 2004 SPECIAL INFRASTRUCTURE GRANT FUNDABLE LIST

								AMENDMENT 7	
APPLICANT	PROJECT NUMBER	DESCRIPTION	PRIORITY POINTS	P-Component ELIGIBLE COSTS	FSIG 55% OF P	BALANCE FSIG FUNDS		25% MATCH GRANT	STATE DIRECT LOAN
						\$1,646,920			
03	Cassville	SIG-100	P-removal	128.04	\$1,254,764	\$690,120	\$956,800	\$313,691	\$340,000
03	Ozark	SIG-102	P-removal	108.1	\$931,351	\$512,243	\$444,557	\$232,838	\$186,270
03	Highlandville	SIG-114	P-removal	71.46	\$192,500	\$105,875	\$338,682	\$48,125	\$0
						\$338,682		\$0	\$0
State reserved to match balance of federal infrastructure grant funds								\$153,946	\$123,157
	TOTAL				\$2,378,615	\$1,308,238		\$748,600	\$649,427

SPECIAL INFRASTRUCTURE GRANT FY 2004 CONTINGENCY LIST

								AMENDMENT 7	
APPLICANT	PROJECT NUMBER	DESCRIPTION	PRIORITY POINTS	P-Component ELIGIBLE COSTS	FSIG 55% OF P	BALANCE FSIG FUNDS		25% MATCH GRANT	STATE DIRECT LOAN
						\$338,682		\$153,946	\$123,157
04	Branson West	SIG-111	P-removal	105.22	\$1,960,000	\$1,078,000			
03	Diggins	SIG-113	P-removal	64.74	\$117,415	\$64,578			
03	Fremont Hills	SIG-112	P-removal	47.93	\$175,614	\$96,588			
	TOTAL				\$2,077,415	\$1,142,578		\$0	\$0

03 Carry over, must reapply if not funded by March 2004.

04* Seymour applied for FY 02 and will remain a carryover until March 19, 2003. Should they fail to award bids their FY 04 application will be on the contingency list.

Fordland did not reapply for FY 04 because they plan that bids will be awarded by March 19, 2003. The beginning balance has been adjusted to reflect \$56,568 federal grant money awarded for this project. If this project is not timely bid, this amount will be added into the federal fund balance.

STATE FUNDED PROGRAMS

State Forty Percent Grant Program

Hardship Grant And Loan Program

Small Borrower Program

State Forty-Percent Grant Program

FY 2003 STATE FORTY PERCENT CONSTRUCTION GRANT LIST

The Clean Water Commission developed the State Forty- Percent Construction Grant Program to provide assistance to those communities ineligible for the Leveraged loan program. As described in the introduction to this document, the department evaluated and assigned projects to the SRF loan list or the Forty Percent grant list based on the financial information submitted by the community. The department will not receive a state-funded appropriation for the Forty-Percent Construction Grant program in state fiscal year 2004. The grant amount for the Forty Percent Construction Grant program is limited to one-third (\$1 million) of the actual grant funds appropriated or up to 40 percent of the eligible project cost.

The fundable list for this program appears on the following page. Projects are listed in priority point order.

The following applications were received for the 40% grant program but were not included on the list:

- **Duquesne** applied for the 40% grant program during the FY 02 competition. At that time the project was discussed during a CWC meeting and the application was directed to the SRF list. This new application was also directed to the SRF.
- **Pike Creek Common Sewer District** applied for grant funds for Phase III of their project. The project was directed to the SRF since they have received 40% grant funds for Phase II.
- **Oak Ridge and Stoutland** applied for 40% grants but did not submit applications to the Missouri Water and Wastewater Review Committee in accordance with state regulation. These projects were directed to the SRF program, which does not have this requirement.

Brandsville and Neck City are shown on the Small Borrowers and 40% grant list, respectively, although they applied for the Hardship Grant Program. Neither of the two projects qualified for the Hardship Grant and Loan program.

Stoddard County Public Sewer District #1 applied for a 40% grant. The project cost is \$4,490,835 and grant amount is \$1,000,000. It was determined that this application was not eligible because the sewer district has not yet formed. Priority points were calculated at 30.79 which would not have put them in the fundable range had the application been considered.

The fundable list for this program appears on the following pages. Projects are listed in priority point order. Twelve (12) projects are shown as fundable on this list and twenty-one (21) are shown on the contingency list.

The first six projects on the fundable list must be bid by March 19, 2003. If the bids are not opened by the March 19th deadline, those communities must reapply for any future competition for funds.

FY2004 STATE FORTY PERCENT GRANT FUNDABLE LIST

	APPLICANT	FISCAL YEAR OF APPLICATION	PROJECT NUMBER	DESCRIPTION	PRIORITY POINTS	ELIGIBLE COSTS	GRANT FUNDS	GRANT FUND BALANCE	COST PER CONNECTION PROJECT COSTS	DNR GRANT
								\$8,600,000		
*	Stone County SD#1	02	SG-409	Coll	138.20	\$5,000,000	\$1,000,000	\$7,600,000	\$20,833	\$4,167
*	Monticello	02	SG-457	Tr/coll	80.65	\$1,217,678	\$276,678	\$7,323,322	\$11,255	\$3,348
*	Bakersfield	03	SG-342	Tr/coll	75.32	\$2,287,500	\$915,000	\$6,408,322	\$21,353	\$7,625
*	Halfway	02	SG-427	Tr/coll	59.65	\$1,459,700	\$583,800	\$5,824,522	\$19,803	\$7,784
*	Morrisville	02	SG-398	Tr/coll	48.80	\$1,537,000	\$614,000	\$5,210,522	\$13,690	\$4,234
*	Risco	02	SG-459	Rehab, VI	39.79	\$613,100	\$245,240	\$4,965,282	\$3,314	\$1,326
**	Camden County	02	SG-453	Tr/coll	122.35	\$2,837,670	\$1,000,000	\$3,965,282	\$8,108	\$2,857
**	Phelps Co PWSD #4	03	SG-450	Tr/coll	111.21	\$2,945,400	\$1,000,000	\$2,965,282	\$13,208	\$4,484
**	Southwest City	03	SG-461	TP Impr	99.11	\$1,512,600	\$605,000	\$2,360,282	\$3,899	\$1,516
**	South Greenfield	03	SG-438	Tr/coll	90.12	\$1,157,000	\$462,800	\$1,897,482	\$15,849	\$6,340
**	Brush Creek Sewer District	03	SG-451	Coll, I	70.00	\$4,730,000	\$1,000,000	\$897,482	\$9,460	\$2,000
**	Highlandville	03	SG-466	Coll	71.46	\$3,558,000	\$824,000	\$73,482	\$14,702	\$3,405
	BALANCE							\$73,482		

* Due to accelerated IUP schedule, (*) projects must be bid by 3/19/03 or compete for funds as new projects in the FY04 IUP.

New project status denoted in bold font below.

** Carryover projects

FY 04 STATE CONSTRUCTION GRANT 40% CONTINGENCY LIST

	APPLICANT	FISCAL YEAR OF APPLICATION	PROJECT NUMBER	DESCRIPTION	PRIORITY POINTS	ELIGIBLE COSTS	GRANT FUNDS	GRANT FUND BALANCE	COST PER CONNECTION PROJECT COSTS	DNR GRANT
								\$73,482		
**	Pineville	02	SG-396	Coll	54.67	\$1,000,000	\$400,000		\$12,346	\$4,938
**	Fremont Hills	03	SG-462	Upgrade	47.93	\$365,531	\$146,212		\$1,218	\$487
**	Lanagan	03	SG-391	Tr/coll	41.79	\$3,850,000	\$1,000,000		\$14,207	\$3,690
**	Freeburg	03	SG-443	Coll/PS	41.76	\$1,557,000	\$622,800		\$18,988	\$7,595
**	Sheldon	02	SG-460	Tr upgrade	36.53	\$240,541	\$96,216		\$1,375	\$550
**	Mosby	03	SG-464	Tr/Coll	30.35	\$700,000	\$280,000		\$8,642	\$3,457
	Oak Ridge	03	SG-475	Tr/Coll	161.67	\$ 1,181,239	\$ 472,496		\$14,583	\$5,833
	Stone County SD#1	04	SG-409	Coll	138.20	\$5,000,000	\$1,000,000		\$20,833	\$4,167
	St. Elizabeth	04	SG-465	Tr/Coll	88.74	\$1,815,700	\$726,280		\$12,969	\$5,187.71
	Gordonville	02	SG-455	Tr/coll	68.96	\$2,732,800	\$1,000,000		\$11,775	\$4,274
	Halfway	04	SG-427	Tr/coll	62.74	\$1,459,700	\$583,800		\$19,803	\$7,784
	Brandsville	04	SG-467	Tr/Coll	62.41	\$805,300	\$322,120		\$12,908	\$4,602
	Pocahontas	03	SG-474	Tr/Coll	55.87	\$ 900,000	\$300,000		\$12,908	\$4,286
	Morrisville	04	SG-398	Tr/coll	50.24	\$1,775,000	\$710,000		\$13,690	\$4,897
	Wright Co. PWSD #1	04	SG-473	Coll/Tr	45.44	\$2,699,650	\$1,000,000		\$21,091	\$7,813
	Crawford County PWSD #1	04	SG-468	Coll/I	44.53	\$631,906	\$252,762		\$7,523	\$3,009
	Bakersfield	04	SG-342	Tr/coll	41.82	\$2,281,730	\$912,692		\$21,353	\$7,606
	Monticello	04	SG-457	Tr/coll	40.71	\$1,418,105	\$421,805		\$11,255	\$3,348
	Risco	04	SG-459	Rehab, VI	39.79	\$613,100	\$245,240		\$3,314	\$1,326
	Oakwood	04	SG-471	Coll	23.26	\$1,246,390	\$498,556		\$2,188	\$7,554
	Neck City	04	SG-469	Coll	3.30	\$1,262,130	\$504,852		\$14,763	\$5,737
	BALANCE									

Hardship Grant And Loan Program

STATE HARDSHIP GRANT AND LOAN PROGRAM

Following is the fundable list for the State Hardship Grant and Loan Program. Applications for this grant program were solicited in accordance with 10 CSR 20-4.043, as amended on November of 1, 2000. In FY 2004, no new funds are anticipated from state bond funds for the state grant and loan programs. \$3,546,971 has been allotted to the Hardship program for FY 2004. Future funding allotments for this program are variable and should not be assumed to parallel these levels.

The program was developed in FY 2000 using funds from the sale of state water pollution control bonds that were approved by voters in November 1998. The program is fashioned after the federal Hardship Grant program, which was available only in 1997. The program is directed toward disadvantaged communities who meet the following criteria:

1. Have a population of less than 3,000;
2. The per capita income cannot exceed 80 percent of the national per capita income;
3. The most recent unemployment rate must exceed by at least one percentage point the most recent monthly national unemployment rate;
4. The community lacks centralized treatment or collection systems or needs improvements to onsite wastewater treatment systems.

To qualify for the priority list, and be included in the FY 2004 IUP, a community must have submitted an application form through the Missouri Water and Wastewater Review Committee with a detailed engineering report and a proposed user charge system by November 15, 2002.

The grant percentage is based upon the cost of wastewater treatment service to the system's average user. The grant can be for an amount up to 100% of project cost in order to reduce the user charge to two percent of the median household income, as determined by the latest census data.

Applications were reviewed for eligibility, completeness, and priority point assessment. Priority points were calculated for eligible projects in accordance with 10 CSR 20-4.010 Construction Grant Priority system. Eligible projects were then placed on the Intended Use Plan in priority point order.

Nine new Hardship Grant and Loan applications were received for the FY 04 IUP. Of these applications Highlandville, Brandsville, and Neck City had unemployment rates too low to meet the criteria and therefore are not shown on the Hardship Grant list. Pike Creek Common Sewer District also applied but had a population greater than 3,000 and does not qualify for this program. Pocahontas was moved to the 40% Grant list by their own request.

Ionia and Blairstown, both carryover projects, and Caledonia and Washington County PWSD #1 comprise the contingency list. Only Purcell and Diggins were fundable; both are carryover projects.

Applicants receiving a matching loan shall have a zero percent interest rate as provided under 10 CSR 20-4.041 (5) (B).

FY 2004 HARDSHIP GRANT AND LOAN FUNDABLE LIST

APPLICANT	PROJECT NUMBER	DESCRIPTION	PRIORITY POINTS	ELIGIBLE COSTS	AMENDMENT 7			COST PER CONNECTION		MINIMUM REQUIRED USER CHARGE
					GRANT FUNDS	HARDSHIP LOAN	FUNDS AVAILABLE	PROJECT COSTS	DNR GRANT	
							\$3,546,971			
* Purcell	SHG-106	Coll., Tp	75.55	\$3,177,700	\$2,051,900	\$450,000	\$1,045,071	\$16,993	\$10,973	\$28.96
* Diggins	SHG-105	Coll. Tp	64.74	\$3,143,442	\$1,045,071	\$0	\$0	\$23,996	\$7,977.64	\$32.81
Total							\$0			

FY 2004 HARDSHIP GRANT AND LOAN CONTINGENCY LIST

* Ionia	SHG-101	Coll, TP	43.15	\$1,325,700	\$580,400	\$0	(\$580,400)	\$24,736	\$10,364	\$30.21
* Blairstown	SHG-107	Coll, TP	41.76	\$831,000	\$831,000	\$0	(\$1,411,400)	\$12,900	\$11,871	\$20.27
Caledonia	SHG-109	Coll, TP	45.93	\$1,753,500	\$200,000	\$0	(\$1,611,400)	\$14,028	\$1,600	\$34.72
Washington Co PWSD #1	SHG-108	Coll.	65.88	\$1,407,450	\$775,450	\$0	(\$2,386,850)	\$6,889	\$3,658	\$45.19
Total					\$5,483,821	\$450,000	\$0			

* Carryover projects, applications received by November 15th, 2001.

Norwood applied for FY 02 and will remain a carryover until March 19, 2003. The project is currently in the bidding process. Beginning balance reflects the completion of the bidding process and grant award for Norwood.

Small Borrower Program

SMALL BORROWER PROGRAM

This program is limited to communities under 1000 population and the loan amount is limited to \$100,000 plus the net of any reserve requirement per community. The loans can be secured by a bond issue or can be annually appropriated debt. The department has established a reserve of \$500,000 for wastewater projects. Applications submitted prior to the November 15th deadline will be listed in priority order. Uncommitted funds can be accessed throughout the fiscal year and made available after commission review and approval. There is a similar program for drinking water projects. For more information on the Small Borrowers Program, contact Mary Clark at 573.751.6680

FY 2004 SMALL BORROWER'S PROGRAM FUNDABLE LIST

	APPLICANT	PROJECT NUMBER	DESCRIPTION	PRIORITY POINTS	ELIGIBLE COSTS	FUNDS AVAILABLE
						\$500,000
	Washington Co. PWSD #1	SBS 102-03	Coll	65.88	\$100,000	\$400,000
	Brandsville	SBS 101-03	Coll, TP	62.40	\$87,250	\$312,750
	Monticello	SBS 103-03	Coll, TP	40.71	\$100,000	\$212,750

LIST OF FISCAL YEAR 2003 APPLICANTS

LIST OF FISCAL YEAR 2004 APPLICANTS

	PTS	SRF	GRT/Other		PTS	SRF	GRT/Other
Ashland	73.71	C		Monticello	40.71	S	F
Ava	74.88	C		Morrisville	50.24		F
Bakersfield	41.82		F	Mosby	30.35	DCont	FCONT
Bates City	23.89	DCont		Moscow Mills	68.36	CONT	
Battlefield	168.77	C		Mound City	46.06	CONT	
Blairstown	41.76		HCONT	MSD Ozark & Tablerock	46.18	NPS-D	
Bolivar	59.95	C		MSD-89119	46.18	CONT	
Boone Co. Com.	46.53	C		MSD-95066F	46.18	CONT	
Boone County RSD	114.43	X		MSD-95066M	46.18	C	
Bowling Green	84.27	C		MSDWatson/Nanell	46.18	NPS-D	
Brandsville	62.41	S	FCONT	MSD-95066N	46.18	CONT	
Branson West	105.22		ICONT	MSD-95066P	46.18	CONT	
Brush Creek SD	70.00		F	MSD-95066R	46.18	CONT	
Caledonia	45.93		HCONT	MSD-99066A	46.18	C	
Camden Co	45.32		F	MSD-99066B	46.18	C	
Cassville	128.04		I	MSD-99066K	46.18	CONT	
Center Creek WWTP	120.38	X		MSD-99066L	46.18	CONT	
Chaffee	5.68	CONT		MSD-99076 I	46.18	CONT	
Cleveland	48.87	CONT		MSD-99076 II	46.18	CONT	
Columbia	73.42	C		MSD-99077 I	46.18	CONT	
Crawford Co PWSD	44.53	DCont	FCONT	MSD-99077 II	46.18	CONT	
Diggins	64.74		H, ICONT	MSD-99077A	46.18	CONT	
Duckett Crk SD W Hwy DD	75.98	CONT		Neck City	3.30		FCONT
Duquesne	72.15	CONT		New Bloomfield	71.77	C	
Ellington	150.12	X		Newburg	13.63	CONT	
Fordland	86.49			Noel	69.03	CONT	
Franklin Co. PWSD # 1	44.91	C		Oak Ridge	161.67		FCONT
Freeburg	41.76		FCONT	OakGrove	197.85	X	
Fremont Hills	47.93	DCont	ICONT, FCONT	Oakwood	23.26	DCont	FCONT
Glaize Creek S.D.	77.2	CONT		Odessa	136.83	C	
Gordonville	70.36	DCont	FCONT	Ozark	108.10		I
Halfway	62.74		F	Parkville	78.02	CONT	
Harrisonville	69.37	X		Peculiar	40.63	CONT	
Hayti	41	C		Phelps Co PWSD #4	48.92		F
Herculaneum	77.21	CONT		Pike Creek	58.56	CONT	
Highlandville	71.46		I ₁	Pineville	38.31		FCONT
Highlandville phase 2	69.41	CONT	F	Platte Co. RSD	38.45	CONT	
Holden	42.68	X		Pocahontas	55.87		FCONT
Ionia	43.15		HCONT	Pulaski Co. SD #1	61.93	CONT	
Jackson	82.05	CONT		Purcell	75.55		H
Jefferson County PSD	103.86	C,Ph		PWSD #13, Jackson Co.	34.77	X	
Jefferson City	157.39	X,Ph		Risco	47.85	D	F
Kansas City	97.79	CONT		Savannah	56.36	C	
Kansas City Public Works	90.79	CONT		Seneca	143.03	X	
Kearney	39.58	C		Seymour	72.63		ICONT
Kirksville	109.8	X		Sheldon	36.53	DCont	FCONT
La Plata	41.72	CONT		Sikeston	60.8	CONT	
Laclede County PWSD #3	91.51	CONT		South Greenfield	90.12		F
Lanagan	41.79		FCONT	Southwest City	99.11	D	F
Lawson	41.68	CONT		St.Chas.Co. NID Brinnington	0	NPS-D	
Lees Summit	2.47	CONT		St.Chas.Co. NID		NPS-D	
Liberty	53.58	C		St. Elizabeth	88.74	DCont	FCONT
Linn	101.77	CONT		Stoddard Co. PSD #1	30.79	DCont	
Lk Ozarks Rgnl STP Bd	58.8	CONT		Stone Co. #1	138.20	D	F
Loan Guar. & NPS Initiatives		NPS-D		Sullivan	90.03	CONT	
Macon	117.76	C		Taney C. RSD	121.26	C,Ph.	
Marionville	102.92	C		Tracy	135.88	X	
MASBDA	0	NPS-D		Upper White River Basin Fnd.	40.21	NPS-D	
Milan	129.20	C		Wardsville	106.35	C	
Missouri Prairie Foundation	0	NPS-D		Washington Co. PWSD #1	65.88	S	HCONT
Moberly	77.28	CONT		Winona	92.11	C	
Monett	108.69	C		Wright Co. PWSD #1	45.44	DCont	FCONT

Cont - SRF Contingency	H - State Hardship Grant	F - Forty % Grant
C - Carryover	HCONT - Hardship G/L contingency	Fcont. - Forty % Grant Contingency
X New Project	I - Federal Infrastructure Grant	D - Direct Loan
S- Small Borrower Loan	ICONT - FIG Contingency	DCONT - Direct Loan Contingency
		NPS-D - Non-Point Source direct loan